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Christopher Bach: (202) 606-9545

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U.S. International Transactions: Third Quarter 2003

Current Account

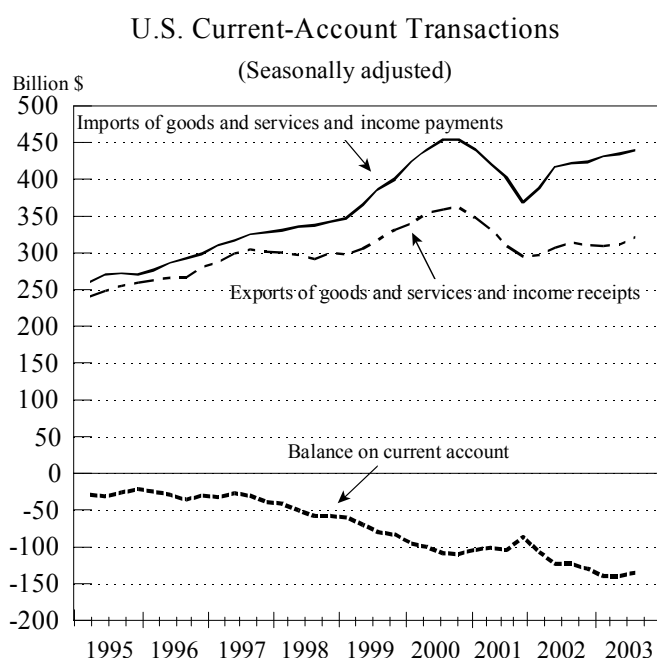
The U.S. current-account deficit--the combined balances on trade in goods and services, income, and net unilateral current transfers--decreased to \$135.0 billion (preliminary) in the third quarter of 2003 from \$139.4 billion (revised) in the second. A decrease in the deficit on goods, increases in the surpluses on services and on income, and a decrease in net outflows for unilateral current transfers all contributed to the decline in the current-account deficit.

Goods and services

The deficit on goods and services decreased to \$121.3 billion in the third quarter from \$124.2 billion in the second.

Goods The deficit on goods decreased to \$136.2 billion in the third quarter from \$138.1 billion in the second.

Goods exports increased to \$177.9 billion from \$174.2 billion. Agricultural and nonagricultural products both increased. Among nonagricultural products, the largest increase was in capital goods; consumer goods also increased.



NOTE: This news release is available on BEA's Web site at <www.bea.gov/bea/rels.htm>.

Goods imports increased to \$314.1 billion from \$312.3 billion. The increase was almost completely accounted for by an increase in petroleum and petroleum products. The increase in petroleum and petroleum products was more than accounted for by a rise in petroleum prices. Among nonpetroleum products, increases in nonpetroleum industrial supplies and materials and in capital goods were largely offset by a decrease in automotive vehicles, engines, and parts.

Services The surplus on services increased to \$14.9 billion in the third quarter from \$13.9 billion in the second.

Services receipts increased to \$76.8 billion from \$73.2 billion. The increase was largely accounted for by increases in travel and passenger fare receipts; most other services categories also increased.

Services payments increased to \$61.9 billion from \$59.3 billion. The increase was largely accounted for by increases in travel and passenger fare payments; most other services categories also increased.

Income

The surplus on income increased to \$2.6 billion in the third quarter from \$1.7 billion in the second.

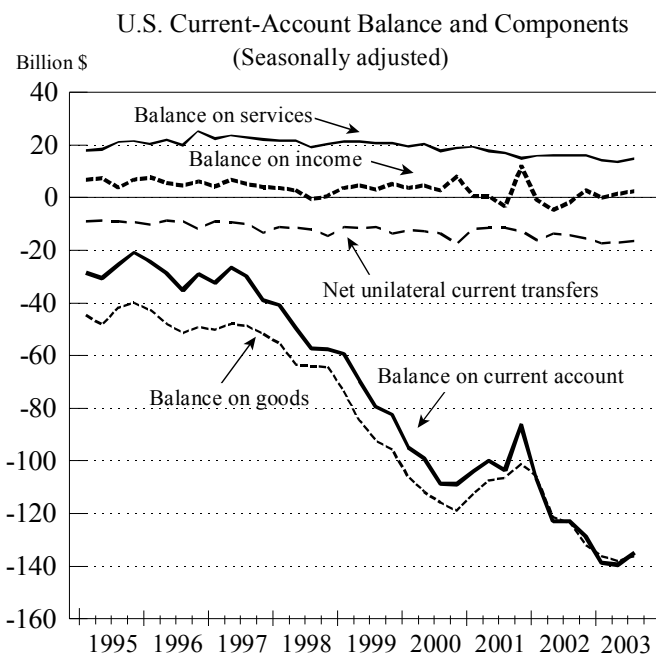
Investment income Income receipts on U.S.-owned assets abroad increased to \$66.5 billion from \$63.5 billion. The increase was mostly accounted for by an increase in direct investment receipts; "other" private receipts (which consists of interest and dividends) also increased.

Income payments on foreign-owned assets in the United States increased to \$62.7 billion from \$60.5 billion. The increase was almost entirely accounted for by increases in "other" private payments (which consists of interest and dividends) and in direct investment payments.

Compensation of employees Receipts for compensation of U.S. workers abroad were virtually unchanged at \$0.8 billion. Payments for compensation of foreign workers in the United States decreased slightly to \$2.0 billion from \$2.1 billion.

Unilateral current transfers

Unilateral current transfers were net outflows of \$16.3 billion in the third quarter, down from net outflows of \$16.9 billion in the second.



Capital and Financial Account

Capital Account

Capital account transactions were net outflows of \$0.8 billion in the third quarter, down from net outflows of \$1.6 billion in the second.

Financial Account

Net recorded financial inflows--net acquisitions by foreign residents of assets in the United States less net acquisitions by U.S. residents of assets abroad--were \$123.3 billion in the third quarter, down from \$150.0 billion in the second. Financial inflows for foreign-owned assets in the United States declined more than financial outflows for U.S.-owned assets abroad.

U.S.-owned assets abroad

U.S.-owned assets abroad increased \$4.9 billion in the third quarter, compared with an increase of \$112.8 billion in the second.

U.S. claims on foreigners reported by U.S. banks decreased \$39.3 billion in the third quarter, in contrast to an increase of \$72.8 billion in the second.

Transactions in foreign securities shifted to net U.S. purchases of \$28.8 billion in the third quarter from net U.S. sales of \$8.7 billion in the second. Net U.S. purchases of foreign stocks were \$30.1 billion, up from \$16.9 billion. Net U.S. sales of foreign bonds were \$1.2 billion, down from \$25.6 billion.

Net financial outflows for U.S. direct investment abroad were \$37.5 billion in the third quarter, up from \$29.9 billion in the second. A shift in intercompany debt to net outflows from net inflows and an increase in reinvested earnings more than offset a decrease in net equity capital outflows.

U.S. official reserve assets increased \$0.6 billion in the third quarter, following an increase of \$0.2 billion in the second.

Foreign-owned assets in the United States

Foreign-owned assets in the United States increased \$128.2 billion in the third quarter, compared with an increase of \$262.8 billion in the second.

U.S. liabilities to foreigners reported by U.S. banks increased \$7.1 billion in the third quarter, following an increase of \$36.8 billion in the second.

Net foreign purchases of U.S. securities other than U.S. Treasury securities were \$9.6 billion in the third quarter, down from \$86.0 billion in the second. Transactions in U.S. stocks shifted to net foreign sales of \$3.5 billion from net foreign purchases of \$20.6 billion. Net foreign purchases of U.S.

corporate bonds were \$57.5 billion, down from \$67.2 billion, and net foreign sales of federally sponsored agency bonds were \$44.5 billion, up from \$1.8 billion.

Net foreign purchases of U.S. Treasury securities were \$49.9 billion in the third quarter, down from \$55.0 billion in the second.

Net financial inflows for foreign direct investment in the United States were \$8.1 billion in the third quarter, down from \$22.4 billion in the second. The decrease was more than accounted for by a shift in intercompany debt to net outflows from net inflows. In contrast, reinvested earnings and net equity capital inflows both increased.

Foreign official assets in the United States increased \$43.9 billion in the third quarter, following an increase of \$57.0 billion in the second.

Net U.S. currency shipments were \$2.8 billion in the third quarter, up from \$1.5 billion in the second.

The statistical discrepancy--errors and omissions in recorded transactions--was a positive \$12.5 billion in the third quarter, compared with a negative \$9.1 billion in the second.

In the third quarter, the U.S. dollar was unchanged on a trade-weighted quarterly average basis against a group of 7 major currencies.

Revisions

The second-quarter international transactions estimates are revised from previously published estimates. The current-account deficit was revised to \$139.4 billion from \$138.7 billion. The goods deficit was revised to \$138.1 billion from \$138.0 billion; the services surplus was revised to \$13.9 billion from \$14.6 billion; the income surplus was virtually unrevised at \$1.7 billion; and unilateral current transfers were virtually unrevised at net outflows of \$16.9 billion. Net recorded financial inflows were revised to \$150.0 billion from \$148.6 billion.

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Release dates in 2004:

Fourth quarter and year 2003.....	March 12, 2004 (Friday)
First quarter 2004.....	June 18, 2004 (Friday)
Second quarter 2004.....	September 14, 2004 (Tuesday)
Third quarter 2004.....	December 16, 2004 (Thursday)

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BEA's major national, regional, international, and industry estimates, the Survey of Current Business, and BEA news releases are available on BEA's Web site:

<www.bea.gov>

Summary BEA estimates are available on recorded messages at the time of public release at the following telephone numbers:

(202) 606-5362 U.S. international transactions
-5306 Gross domestic product
-5303 Personal income and outlays

Most of BEA's estimates and analyses are published in the Survey of Current Business, BEA's monthly journal. Subscriptions and single copies of the printed Survey are for sale by the Superintendent of Documents, U.S. Government Printing Office. Internet: <bookstore.gpo.gov>; phone: (202) 512-1800; fax: (202) 512-2250; mail: Stop SSOP, Washington, DC 20402-0001.

Table 1. U.S. International Transactions
 [Millions of dollars, quarters seasonally adjusted]

(Credits +, debits -)	2002	2002				2003			Change: 2003 II-III
		I	II	III	IV	I	II ^a	III ^a	
Current account									
1 Exports of goods and services and income receipts.....	1,229,649	297,074	307,616	313,939	311,015	310,278	311,794	322,014	10,220
2 Exports of goods and services.....	974,107	236,442	243,696	247,815	246,151	247,377	247,484	254,670	7,186
3 Goods, balance of payments basis.....	681,874	165,298	171,421	174,315	170,840	173,346	174,247	177,858	3,611
4 Services.....	292,233	71,144	72,275	73,500	75,311	74,031	73,237	76,812	3,575
5 Transfers under U.S. military agency sales contracts.....	11,943	2,785	2,751	3,418	2,989	2,827	3,014	3,381	367
6 Travel.....	66,547	16,295	16,030	16,217	18,005	16,089	14,543	16,569	2,026
7 Passenger fares.....	17,046	4,224	4,279	4,288	4,255	3,736	3,456	4,059	603
8 Other transportation.....	29,166	7,102	7,075	7,307	7,682	7,837	7,853	7,789	-64
9 Royalties and license fees.....	44,142	10,373	11,221	11,389	11,157	11,630	11,944	12,155	211
10 Other private services.....	122,594	30,170	30,720	30,681	31,022	31,710	32,225	32,656	431
11 U.S. Government miscellaneous services.....	795	195	199	200	201	202	202	203	1
12 Income receipts.....	255,542	60,632	63,920	66,124	64,864	62,901	64,310	67,344	3,034
13 Income receipts on U.S.-owned assets abroad.....	252,379	59,821	63,140	65,339	64,077	62,094	63,496	66,524	3,028
14 Direct investment receipts.....	142,933	32,058	34,874	37,264	38,735	37,508	39,635	42,400	2,765
15 Other private receipts.....	106,143	26,950	27,560	27,225	24,408	23,700	22,620	22,882	262
16 U.S. Government receipts.....	3,303	813	706	850	934	886	1,241	1,242	1
17 Compensation of employees.....	3,163	811	780	785	787	807	814	820	6
18 Imports of goods and services and income payments.....	-1,651,657	-387,864	-416,962	-422,666	-424,165	-431,716	-434,248	-440,736	-6,488
19 Imports of goods and services.....	-1,392,145	-326,499	-348,584	-354,795	-362,267	-369,006	-371,668	-375,987	-4,319
20 Goods, balance of payments basis.....	-1,164,746	-271,331	-292,707	-297,627	-303,081	-309,364	-312,335	-314,090	-1,755
21 Services.....	-227,399	-55,168	-55,877	-57,168	-59,186	-59,642	-59,333	-61,897	-2,564
22 Direct defense expenditures.....	-19,245	-4,394	-4,668	-4,990	-5,193	-5,674	-6,121	-5,900	221
23 Travel.....	-58,044	-14,453	-14,252	-14,314	-15,025	-14,168	-12,895	-14,464	-1,569
24 Passenger fares.....	-19,969	-4,874	-4,874	-4,829	-5,392	-4,960	-4,720	-5,335	-615
25 Other transportation.....	-38,527	-8,891	-9,580	-9,787	-10,271	-10,873	-11,249	-11,282	-33
26 Royalties and license fees.....	-19,258	-4,728	-4,902	-5,036	-4,592	-4,698	-4,697	-4,874	-177
27 Other private services.....	-69,436	-17,087	-16,876	-17,487	-17,984	-18,524	-18,902	-19,289	-387
28 U.S. Government miscellaneous services.....	-2,920	-741	-725	-725	-729	-745	-749	-753	-4
29 Income payments.....	-259,512	-61,365	-68,378	-67,871	-61,898	-62,710	-62,580	-64,749	-2,169
30 Income payments on foreign-owned assets in the United States.....	-251,108	-59,271	-66,246	-65,820	-59,771	-60,527	-60,461	-62,705	-2,244
31 Direct investment payments.....	-49,458	-8,134	-13,464	-15,350	-12,510	-15,431	-17,426	-18,419	-993
32 Other private payments.....	-127,735	-32,512	-33,773	-31,802	-29,648	-28,245	-26,769	-27,960	-1,191
33 U.S. Government payments.....	-73,915	-18,625	-19,009	-18,668	-17,613	-16,851	-16,266	-16,326	-60
34 Compensation of employees.....	-8,404	-2,094	-2,132	-2,051	-2,127	-2,183	-2,119	-2,044	75
35 Unilateral current transfers, net.....	-58,853	-15,938	-13,481	-13,997	-15,436	-17,269	-16,940	-16,319	621
36 U.S. Government grants.....	-17,097	-6,397	-3,287	-3,075	-4,338	-5,813	-5,654	-5,309	345
37 U.S. Government pensions and other transfers.....	-5,125	-1,271	-1,279	-1,282	-1,292	-1,320	-1,335	-1,328	7
38 Private remittances and other transfers.....	-36,631	-8,270	-8,915	-9,640	-9,806	-10,136	-9,951	-9,682	269

Table 1. U.S. International Transactions
 [Millions of dollars, quarters seasonally adjusted]

(Credits +, debits -)	2002	2002				2003			Change: 2003 II-III
		I	II	III	IV	I	II ^r	III ^p	
Capital and financial account									
Capital account									
39 Capital account transactions, net.....	-1,285	-277	-286	-364	-358	-388	-1,553	-795	758
Financial account									
40 U.S.-owned assets abroad, net (increase/financial outflow (-)).....	-178,985	-35,227	-128,567	29,712	-44,902	-101,331	-112,818	-4,891	107,927
41 U.S. official reserve assets, net.....	-3,681	390	-1,843	-1,416	-812	83	-170	-611	-441
42 Gold.....									
43 Special drawing rights.....	-475	-109	-107	-132	-127	897	-102	-97	5
44 Reserve position in the International Monetary Fund.....	-2,632	652	-1,607	-1,136	-541	-644	86	-383	-469
45 Foreign currencies.....	-574	-153	-129	-148	-144	-170	-154	-131	23
46 U.S. Government assets, other than official reserve assets, net.....	-32	133	42	-27	-180	-70	427	530	103
47 U.S. credits and other long-term assets.....	-5,611	-853	-565	-1,375	-2,818	-2,578	-1,454	-1,515	-61
48 Repayments on U.S. credits and other long-term assets.....	5,684	994	566	1,452	2,672	2,472	1,955	2,027	72
49 U.S. foreign currency holdings and U.S. short-term assets, net.....	-105	-8	41	-104	-34	36	-74	18	92
50 U.S. private assets, net.....	-175,272	-35,750	-126,766	31,155	-43,910	-101,344	-113,075	-4,810	108,265
51 Direct investment.....	-137,836	-39,083	-35,459	-31,623	-31,670	-34,405	-29,863	-37,525	-7,662
52 Foreign securities.....	15,801	5,367	-5,843	21,641	-5,364	-27,146	8,654	-28,826	-37,480
53 U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns.....	-31,880	-1,886	-16,210	-11,862	-1,922	-11,998	-19,101	22,206	41,307
54 U.S. claims reported by U.S. banks, not included elsewhere.....	-21,357	-148	-69,254	52,999	-4,954	-27,795	-72,765	39,335	112,100
55 Foreign-owned assets in the United States, net (increase/financial inflow (+)).....	706,983	146,813	221,242	141,478	197,448	242,004	262,819	128,200	-134,619
56 Foreign official assets in the United States, net.....	94,860	6,106	47,552	8,992	32,210	40,978	57,000	43,895	-13,105
57 U.S. Government securities.....	73,521	6,257	21,706	12,300	33,258	31,768	38,639	19,611	-19,028
58 U.S. Treasury securities.....	43,144	-1,039	15,138	1,415	27,630	22,288	35,349	16,271	-19,078
59 Other.....	30,377	7,296	6,568	10,885	5,628	9,480	3,290	3,340	50
60 Other U.S. Government liabilities.....	137	-597	365	464	-95	-437	-16	-41	-25
61 U.S. liabilities reported by U.S. banks, not included elsewhere.....	17,594	-280	24,575	-4,607	-2,094	8,321	17,628	22,879	5,251
62 Other foreign official assets.....	3,608	726	906	835	1,141	1,326	749	1,446	697
63 Other foreign assets in the United States, net.....	612,123	140,707	173,690	132,486	165,238	201,026	205,819	84,305	-121,514
64 Direct investment.....	39,633	10,607	-456	14,199	15,281	34,386	22,391	8,139	-14,252
65 U.S. Treasury securities.....	96,217	11,789	14,218	57,505	12,705	14,568	55,037	49,868	-5,169
66 U.S. securities other than U.S. Treasury securities.....	291,492	74,461	104,187	45,880	66,964	55,574	85,964	9,626	-76,338
67 U.S. currency.....	21,513	4,525	7,183	2,556	7,249	4,927	1,458	2,768	1,310
68 U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.....	72,142	46,771	24,610	-8,102	8,863	74,848	4,147	6,772	2,625
69 U.S. liabilities reported by U.S. banks, not included elsewhere.....	91,126	-7,446	23,948	20,448	54,176	16,723	36,822	7,132	-29,690
70 Statistical discrepancy (sum of above items with sign reversed).....	-45,852	-4,581	30,438	-48,102	-23,602	-1,578	-9,054	12,527	21,581
Memoranda:									
71 Balance on goods (lines 3 and 20).....	-482,872	-106,033	-121,286	-123,312	-132,241	-136,018	-138,088	-136,232	1,856
72 Balance on services (lines 4 and 21).....	64,834	15,976	16,398	16,332	16,125	14,389	13,904	14,915	1,011
73 Balance on goods and services (lines 2 and 19).....	-418,038	-90,057	-104,888	-106,980	-116,116	-121,629	-124,184	-121,317	2,867
74 Balance on income (lines 12 and 29).....	-3,970	-733	-4,458	-1,747	2,966	191	1,730	2,595	865
75 Unilateral current transfers, net (line 35).....	-58,853	-15,938	-13,481	-13,997	-15,436	-17,269	-16,940	-16,319	621
76 Balance on current account (lines 1, 18, and 35 or lines 73, 74, and 75).....	-480,861	-106,728	-122,827	-122,724	-128,586	-138,707	-139,394	-135,041	4,353

^r Revised. ^p Preliminary.

NOTE: Details may not add to totals because of rounding. Source: U. S. Bureau of Economic Analysis